Saskatchewan
Finance

Annual Report 2001-2002

Public Employees Benefits Agency Revolving Fund

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Saskatchewan
Finance

Her Honour, The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

Dear Madam:

Letter of Transmittal

I have the honour to transmit herewith the eleventh Annual Report of the Public Employees Benefits Agency Revolving Fund for the year ending March 31, 2002.

I have the honour to be, Madam,

Your obedient servant,

Eric Cline
Minister of Finance

102-07098/

Saskatchewan
Finance

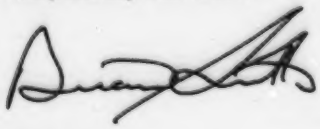
The Honourable Eric Cline
Minister of Finance
Regina, Saskatchewan

Sir:

Letter of Transmittal

On behalf of the Public Employees Benefits Agency, I have the honour to transmit herewith the eleventh Annual Report of the Public Employees Benefits Agency Revolving Fund for the year ending March 31, 2002.

Respectfully submitted,



Brian Smith
Executive Director

INTRODUCTION

The Public Employees Benefits Agency Revolving Fund was established effective April 1, 1988. The authority for the Fund is contained in Section 65 of *The Financial Administration Act, 1993*.

The intent of the Fund is to account for the administration costs of the Public Employees Benefits Agency (PEBA). These costs are allocated to the following plans and programs:

Pension Funds	Employee Benefit Funds
Public Employees Pension Plan	Public Employees Group Life Insurance Plan
Public Service Superannuation Plan	Public Employees Dental Plan
Municipal Employees' Pension Plan	Public Employees Extended Health Care Plan
Liquor Board Superannuation Plan	Public Employees Extended Health Care Plan for Certain Other Employees
Workers' Compensation Board Superannuation Plan	Public Employees Disability Income Plan
Saskatchewan Transportation Company Superannuation Plan	Public Employees Deferred Salary Leave Plan
Anti-Tuberculosis League Superannuation Plan	Government of Saskatchewan Unscheduled Aircraft Plan
Members of the Legislative Assembly Superannuation Plan	Government of Saskatchewan Scheduled Aircraft Plan
Judges of the Provincial Court Superannuation Plan	SaskPower Supplementary Superannuation Plan
Saskatchewan Pension Annuity Fund	Additional Pension Contribution Program
	Government of Saskatchewan and Saskatchewan Government and General Employees' Union Benefit Plans' Surplus Fund
	Government of Saskatchewan and Canadian Union of Public Employees Local No. 600-3 Benefits Plans Surplus Fund
	Extended Health Care Plan for Retired Employees
	Extended Health Care Plan for Certain Other Retired Employees
	SaskPower Millennium Trust Fund

OPERATION OF THE PLAN

ADMINISTRATION

The Fund is managed by the Public Employees Benefits Agency, Saskatchewan Finance.

The costs incurred in the administration of the various plans and programs by PEBA are billed on a monthly basis.

Costs relating to a particular plan or program are allocated to that plan. All other costs are allocated to the plans and programs using a formula primarily based on time required to administer these plans and programs.

FINANCING

The maximum amount for accumulated net expenditure has been set at $2,200,000. Subsection 65(12) of *The Financial Administration Act, 1993*, provides for the maximum of accumulated net expenditure which may at anytime be outstanding to be set by order of the Lieutenant Governor in Council.

ADMINISTRATION COSTS

2002	$6,286,214	
2001	$5,883,129	
2000	$5,901,010	(Restated)
1999	$5,320,103	

All costs are paid by the various plans and programs. Revenue and expenses will therefore equal, leaving the excess of revenues over expenditures a "nil" amount annually.

MANAGEMENT'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

As members of management of the Public Employees Benefits Agency Revolving Fund, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

We believe the Public Employees Benefits Agency Revolving Fund has a system of internal control adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian generally accepted accounting principles.

We enclose the financial statements of the Public Employees Benefits Agency Revolving Fund for the year ended March 31, 2002 and the Provincial Auditor's report on these financial statements.

Brian Smith
Executive Director
Public Employees Benefits Agency

Perry Bahr
Director, Benefit Programs
Public Employees Benefits Agency

Ann Mackrill
Director, Pension Programs
Public Employees Benefits Agency

Regina, Saskatchewan
May 22, 2002

PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2002

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Public Employees Benefits Agency Revolving Fund as at March 31, 2002 and the statements of operations, and changes in accumulated net expenditure for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 22, 2002

Fred Wendel, CMA, CA
Provincial Auditor

PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND **STATEMENT 1**
BALANCE SHEET

AS AT MARCH 31

	2002	2001
ASSETS		
Accounts receivable (Notes 6 and 9)	$ 578,801	$ 704,772
Capital assets (Note 4)	994,069	945,879
	$1,572,870	$1,650,651
LIABILITIES		
Liabilities:		
Accounts payable and accrued liabilities (Notes 6 and 9)	$ 601,698	$ 193,433
Non-current Liabilities:		
Accumulated net expenditure (Statement 3)	971,172	1,457,218
	$1,572,870	$1,650,651

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND **STATEMENT 2**
STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31

	2002		2001
	Budget (Note 7)	Actual	Actual
REVENUE:			
Administration fees (Note 6)	$7,749,671	$6,286,214	$5,883,129
EXPENSES:			
Salary and benefits	3,381,911	3,297,692	3,090,516
Contractual services	1,954,702	1,444,301	1,427,192
Amortization	814,544	589,826	478,384
Rent	498,940	427,834	374,397
Postage and communications	351,444	267,226	263,714
Supplies	240,827	93,178	103,172
Travel	193,571	79,798	74,116
Advertising/printing	304,922	68,970	43,075
Business entertainment	2,810	13,714	18,235
Repairs and maintenance	6,000	3,675	10,328
Total expenses	7,749,671	6,286,214	5,883,129
Net income	$ -	$ -	$ -

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND **STATEMENT 3**
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE

FOR THE YEAR ENDED MARCH 31

	2002	2001
Financing (provided by) required for operating activities:		
Net income	$ -	$ -
Items not affecting working capital - Amortization	(589,826)	(478,384)
Net increase in working capital items related to operations (Note 5)	(534,236)	123,045
Net financing from operating activities	(1,124,062)	(355,339)
Financing required for investing activities:		
Purchase of capital assets	638,016	592,211
Net financing used in investing activities	638,016	592,211
Net increase in financing requirements	(486,046)	236,872
ACCUMULATED NET EXPENDITURE, beginning of year	1,457,218	1,220,346
ACCUMULATED NET EXPENDITURE, end of year – to Statement 1	$ 971,172	$1,457,218

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2002

1. Authority and Definition of Accounting Entity

The authority for the Public Employees Benefits Agency Revolving Fund (Revolving Fund) is contained in Section 65 of *The Financial Administration Act, 1993*. The Revolving Fund was established to account for the administration costs of the Public Employees Benefits Agency (PEBA). These costs are allocated to the various plans and programs administered by PEBA in accordance with the policy described in Note 2(c).

2. Significant Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 5. The following policies are considered significant:

a) Net Expenditure (Recovery)

The net expenditure (recovery) for a fiscal year is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flow from operations of the Revolving Fund.

b) Accumulated Net Expenditure (Recovery)

The accumulated net expenditure (recovery) of the Revolving Fund consists of the sum of the net expenditures (recoveries) of each fiscal year since inception.

c) Revenue – Administration fees

The costs incurred by PEBA in the administration of the various plans and programs are billed on a monthly basis to these plans and programs as follows:

i) Costs relating to a particular plan or program are allocated to that plan.
ii) All other costs are allocated to the various plans and programs using a formula primarily based on employees' time required to administer these plans and programs.

d) Capital Assets

Individual capital assets and leasehold improvements costing more than $500 are capitalized. Capital assets are amortized on a straight-line basis over three years for computer software, hardware and system development and over five years for furniture and leasehold improvements. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations.

3. Authorized Financing

Subsection 65(12) of *The Financial Administration Act, 1993* provides for the maximum of accumulated net expenditure which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. The maximum amount for accumulated net expenditure has been set at $2,200,000 by Order-in-Council 328/00.

4. Capital Assets

	Cost		Accumulated Amortization		Net Book Value	
	2002	2001	2002	2001	2002	2001
Computer Hardware	$ 863,095	$ 774,287	$ 699,477	$546,396	$163,618	$228,491
Computer Software	144,878	128,901	102,900	71,380	41,978	57,521
Furniture	308,653	109,181	107,820	67,373	200,833	41,808
System Development	966,874	632,514	438,724	152,903	528,150	479,611
Leaseholds	289,875	289,875	230,385	151,427	59,490	138,448
	$2,573,375	$1,935,358	$1,579,306	$989,479	$994,069	$945,879

5. Net Change in Working Capital Items Related to Operations

	2002	2001
Increase (decrease) in accounts receivable	$(125,971)	$(101,415)
(Increase) decrease in accounts payable and accrued liabilities	(408,265)	224,460
	$(534,236)	$ 123,045

6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan collectively referred to as "related parties".

Expenses include $988,695 (2001 - $859,111) incurred by the Minister of Finance for rent and certain administrative services provided to the Revolving Fund. The Revolving Fund bills the various plans and programs administered by PEBA in accordance with subsection 64(7) of *The Financial Administration Act, 1993,* to recover those expenses. Amounts received by the Revolving Fund relating to these costs are credited to the General Revenue Fund in accordance with subsection 65(11) of *The Financial Administration Act, 1993.*

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including financing and certain administrative costs. These costs have been absorbed by various departmental appropriations and therefore, no provision for such costs is reflected in these financial statements.

Routine operating transactions with other related parties are recorded at standard rates charged by those organizations and are settled on normal trade terms.

The following table summarizes the Revolving Fund's related party transactions that are in the normal course of operations.

	2002	2001
Administration fees	$6,286,214	$5,883,129
Expenses:		
Salary and benefits	424,679	379,426
Rent	405,639	353,683
Postage and communications	180,880	157,094
Supplies	28,604	28,728
Contractual services	9,802	4,403
Travel	2,782	493
Repairs and maintenance	2,125	3,822
Advertising/printing	2,004	-

At year end, the following amounts were due to/from related parties as a result of the transactions referred to above:

	2002	2001
Accounts receivable	$578,801	$704,772
Accounts payable and accrued liabilities	$133,145	$ 62,168

The Revolving Fund also paid $199,472 (2001 - $1,286) to Saskatchewan Property Management Corporation for the purchase of capital assets.

In addition, the Revolving Fund pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

7. Budget

The various pension plan boards approved their component of the annual budget. A copy of the annual budget was also submitted to Treasury Board.

8. Amount Reported in the Public Accounts

The net revenue/(expenditure) of the Revolving Fund reported in the Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies between the Revolving Fund and the General Revenue Fund:

	2002	2001
Net income/(loss)	$ -	$ -
(Increase) decrease in capital assets	(48,190)	(113,827)
Amounts not included in Public Accounts due to timing	(76,442)	(74,320)
Net financing requirement reported in Public Accounts	$(124,632)	$(188,147)

9. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as accounts receivable or accounts payable and accrued liabilities that affect the amount, timing, and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. However, the majority of the Revolving Fund's receivables are from government plans and programs administered by PEBA. Therefore, the credit risk is minimal.

c) Fair value

The Revolving Fund's financial instruments include accounts receivable and accounts payable and accrued liabilities. Due to their immediate or short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

10. Comparative Figures

Certain of the 2001 balances have been reclassified to conform with the current year's presentation.